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**ATTACHMENTS TO COMMENTS OF AT&T CORP. IN OPPOSITION  
TO VERIZON's SECTION 271 APPLICATION FOR RHODE ISLAND**

**CC Docket No. 01-324**

<b>Att.</b>	<b>DOCUMENT</b>
1	May 17, 2001 RI PUC Order Approving Verizon's Amended Master Test Plan for Operational Support Systems
2	November 2, 2001 AT&T Rebuttal Testimony of Catherine Pitts, RI PUC Docket 3363
3	May 4, 2001 Verizon-MA's Direct Panel Testimony, MDTE Docket DTE 01-20
4	Catherine Pitts Declaration
5	Michael Lieberman Declaration

## Summary

The issue here is simple and straightforward: Verizon's UNE rates in Rhode Island – particularly its switching rates -- do not comply with TELRIC, even as it has been interpreted by the Rhode Island PUC. Although the RI PUC issued an order establishing TELRIC principles for use in the state on November 18, those principles are *not* in effect now and they have not been applied to Verizon's current rates. Indeed, Verizon is not even required to make filings that comply with the RI PUC's rulings until well into next year. As a result, except for its switching usage rate, all of Verizon's rates are nothing more than its old non-TELRIC interim rates, less a 7.11 percent discount to reflect its acknowledged merger savings.

There is clearly no basis to support any claim that Verizon-RI's switching rates comply with TELRIC. Notably, Verizon's switch port charge is \$4.15/month, more than twice the rate Verizon has been charging in Massachusetts. There is no record support for this huge difference. And the story with Verizon-RI's switching usage rate is even more bizarre. The current switching usage rate, which the RI PUC adopted on November 28, is the rate Verizon has *proposed* – but has not been fully litigated or adopted – in an ongoing Massachusetts rate case. AT&T and other CLECs have shown in Massachusetts that Verizon's proposed rate is wildly inflated. And AT&T provided the same information to the Rhode Island PUC, which inexplicably did not even recognize that it had received such data.

The proposed Massachusetts rate Verizon imported into Rhode Island flies in the face of the RI PUC's own determinations. On November 18, only ten days before it approved the imported rate, the RI PUC adopted a series of rulings on how Verizon should apply TELRIC in Rhode Island. But the RI PUC completely ignored record evidence that the imported Massachusetts rate violates its rulings on not just one or two of its requirements, but on at least

*four* major components of Verizon's switching costs, including (i) the mix of new to growth discounts; (ii) the cost of capital; (iii) depreciation lives; and (iv) the EF&I factor. Nor does the imported rate reflect the 7.11% merger savings that the RI PUC previously ordered. In total, as shown below, these factors alone require at least a 57% reduction in Verizon's Rhode Island switch usage rate.

This conclusion is also fully consistent with the information that AT&T provides regarding the relative relationship between the Rhode Island, Pennsylvania and recommended New York switching rates. Specifically, AT&T's analysis shows that the Rhode Island rate is at least *twice* what would be expected based on the current Pennsylvania switching usage rate and nearly three times what would be expected based on the rates recommended by the New York administrative law judge after extensive hearings. Moreover, AT&T demonstrates that the current Rhode Island rates flatly refute any notion that a CLEC could offer statewide service to Rhode Island residential customers, because they result in a *negative* gross margin.

There can be no reasonable doubt that Verizon's current rates in Rhode Island fail to comply with the Commission's, and the RI PUC's own, TELRIC requirements. Thus, Verizon has not met and cannot meet its burden of proving TELRIC compliance. Accordingly, Verizon's application must be denied.